

Hearing Date and Time: February 14, 2019 at 10:00 a.m. (Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
In re	:	Chapter 11
	:	
SEARS HOLDINGS CORPORATION, et al.,	:	Case No. 18-23538 (RDD)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
-----X		

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

**DEBTORS' OBJECTION TO MOTION FOR ENTRY OF
ORDER COMPELLING DEBTOR TO DISCLOSE STATUS OF
INSURANCE CLAIM AND DEPOSIT ANY INSURANCE PROCEEDS INTO
SEPARATE ACCOUNT (SANTA ROSA MALL, PUERTO RICO)**

TO THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE:

Sears Holdings Corporation (“**SHC**”), Sears, Roebuck de Puerto Rico, Inc. (“**Sears Puerto Rico**” or “**Tenant**”), and certain of their affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), submit this objection (the “**Objection**”) in response to the *Motion for Entry of Order for the Debtor to: (I) Disclose Status of Insurance Claim; (II) Deposit Any Insurance Proceed Into Separate Account to be Used Exclusively to Repair the Insured Demised Premises; and (III) Alternatively, Find the Automatic Stay Inapplicable to the Insurance Proceeds*, dated December 14, 2018 (ECF No. 1240) (the “**Motion**”),² filed by Santa Rosa Mall, LLC (the “**Landlord**”). In support of the Objection, the Debtors respectfully represent as follows:

Preliminary Statement

1. Sears Puerto Rico has been a tenant at the premises located in Bayamon, Puerto Rico since 1965, pursuant to that certain Sears Lease, dated September 22, 1965, a copy of which is attached to the Motion as Exhibit I (the “**Lease**”). Sears Puerto Rico operated Sears Store No. 1915 (the “**Sears Store**”) from 1965 until the store closed in September 2017 due to severe damage caused by Hurricane Maria. In connection with the losses and damages inflicted on the Debtors’ properties by Hurricane Irma and Hurricane Maria, including the Sears Store, SHC filed a claim (the “**Insurance Claim**”) under its real and personal insurance policy (Policy Number

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

PTNAM1701557) (the “**Insurance Policy**”) issued for the policy period of June 1, 2017 through June 1, 2018.³

2. The Motion seeks entry of an order compelling the Debtors to (i) disclose the status of the Insurance Claim, (ii) place the insurance proceeds received on account of the Insurance Claim (the “**Insurance Proceeds**”) in a separate account pursuant to Section 6.03(b)(3) of the Lease within seven (7) days, and (iii) declare that the Insurance Proceeds are not property of the Debtors’ estate and must be exclusively used to rebuild the Sears Store. The Motion should be denied for several reasons.

3. First, the Landlord served a subpoena on the Debtors on February 2, 2019 requesting information related to the status of the Insurance Claim. In response to the subpoena, subject to an appropriate agreement on confidentiality, the Debtors intend to produce information in advance of the hearing on the Motion, including the Insurance Policy, that renders the request for the status of the Insurance Claim moot.

4. Second, contrary to the assertions in the Motion, the Landlord is not named as a “loss payee” under the Insurance Policy. While the Insurance Policy contemplates that “loss payees” or “additional insureds” might be added, that never occurred. The Insurance Policy is the governing document; a certificate of insurance is merely an indicia of insurance coverage and has no bearing on the insurance policy referred to therein. Indeed, clearly set forth on the first page of the Aon Certificate of Insurance is a disclaimer that the document cannot extend or alter the coverage afforded by the Insurance Policy. Given that the Landlord is not and never was a “loss payee” under the Insurance Policy, the Insurance Proceeds are rightfully property of the Debtors’ estates and do not need to be deposited in a segregated account.

³ The Debtors will furnish a copy of the Insurance Policy to the Court upon request.

5. Third, the automatic stay imposed under section 362 of the Bankruptcy clearly applies to prohibit any attempt by the Landlord to possess or exercise control over the Insurance Proceeds. It is well established in this Circuit that proceeds of a debtor's insurance policy are property of the estate where the debtor has the right to receive those proceeds upon payment by the insurer. As described below, the "loss payable" clause contained in the Insurance Policy clearly provides that any loss will be payable to SHC or as directed by SHC. There is no reference to payment to a third party.

6. Finally, on February 7, 2019, the Court approved the Debtors' sale of substantially all of their assets to ESL Investments, Inc. (together with its principals and affiliates, "ESL") for approximately \$5.2 billion in the form of cash and non-cash consideration. Under the related asset purchase agreement (the "**Asset Purchase Agreement**"), the Lease is listed as a "Designatable Lease." ESL has not yet determined whether it will request that the Debtors assume and assign the Lease. If ESL designates the Lease, ESL will either cure defaults under the Lease on or prior to assumption or provide adequate assurance that it will promptly cure such defaults. Consequently, it is premature to make a determination as to whether the Insurance Proceeds have to be segregated and exclusively used to reconstruct the store at this time. Given the relatively short period of time afforded to ESL to exercise its designation rights, and the Debtors' continued payment of rent under the Lease, the Landlord is not prejudiced by a deferred ruling.⁴

7. The balance of the equities favor the Debtors and, for the reasons set forth herein, the Debtors respectfully request that the Motion be denied.

⁴ The Debtors requested the Landlord adjourn the Motion in recognition of the current facts and circumstances of these cases. The Landlord refused to do so.

Background

The Debtors' Chapter 11 Cases

8. Beginning on October 15, 2018 (the “**Commencement Date**”) and continuing thereafter, each of the Debtors commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

9. On October 24, 2018, the United States Trustee for Region 2 appointed an official committee of unsecured creditors. No trustee or examiner has been appointed in these chapter 11 cases.

10. The Debtors' chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

11. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Robert A. Riecker Pursuant to Rule 1007-2 of Local Bankruptcy Rules for Southern District of New York*, sworn on October 15, 2018 (ECF No. 3).

The Lease

12. The Lease contains certain provisions that address the rights and obligations of Sears Puerto Rico and the Landlord in the event of loss or damage to the Leased Premises.

13. The provisions of the Lease relevant to insurance coverage are excerpted below:

Section 6.01:

Tenant shall maintain at Tenant's sole cost and expense, for the benefit of Landlord and Tenant, insurance with respect to the Demised Premises, of the following types and in the following amounts:

- (a) Fire and extended coverage insurance (losses due to windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles smoke), vandalism, malicious mischief, sprinkler leakage and earthquake insurance and insurance against such other events as shall from time to time be added to the extended coverage insurance carried by Tenant's Parent Corporation [Sears Holdings Corporation] in an amount not less than 100% of the replacement cost (excluding excavation and foundation values) as the same is determined at five (5) year intervals by an architect or engineer designated by Tenant and satisfactory to Landlord.

Section 6.02:

Tenant shall have the option of effecting such insurance through an insurance company of recognized standing satisfactory to the Landlord and the holder of any mortgage on the fee of the Demised Premises or through Tenant's Parent Corporation (Sears, Roebuck and Company, a New York corporation) which would act as a self-insurer.

- (a) If Tenant elects to effect such insurance through an insurance company, such policies shall be secured promptly and certificates thereof shall be furnished to Landlord. . . . Such policies shall contain loss payable clauses to Landlord and Tenant as hereinbelow provided in Section 6.03.

Section 6.03:

In the event that during the term of this lease the building or buildings referred to in Section 3.02 hereof or any additions thereto at any time erected on the Demised Premises shall be damaged by fire or other insured casualty, then:

. . .

- (b) In case such damage shall amount to over \$100,000:

. . .

- (2) If such damage shall be so serious as to render the said building untenable, or shall amount to a total destruction of the building, then Tenant

shall proceed with all reasonable expedition to restore or rebuild, as the case may be, the building so destroyed or rendered untenable, free from liens of every kind, in substantial accordance with the plans and specifications of the building so destroyed or rendered untenable . . .

(3) The net sums recover [sic] Tenant on account of loss or damage, whether under the policies taken out as aforesaid, or under other insurance policies taken out by Tenant and indemnifying (as distinguished from the loss of use and occupancy or profits), shall be deposited in a special account separate [sic] all other funds of Landlord in a bank or trust company of the City of San Juan, Puerto Rico approved by Landlord and Tenant, to be applied on account of the cost of such restoration or rebuilding, as the case may be . . . and Tenant shall pay any and all additional moneys required in such restoration or rebuilding in excess of said net sums recovered, and shall be entitled to receive any surplus, if any, remaining of said deposit after such restoration or rebuilding has been completed as aforesaid . . .

14. Article 16 of the Lease (Equipment and Fixtures Installed) provides that any equipment and fixtures used by Sears Puerto Rico in connection with its business will remain at all times Sears Puerto Rico's property.

15. The Debtors have continued to pay monthly rent to the Landlord pursuant to the terms of the Lease, despite closure of the Sears Store in September 2017.

The Insurance Policies and the Insurance Claim

16. The Insurance Policy does not name the Landlord or any of its affiliates, including, without limitation, 3 Pals Caribe, LLC and Commercial Centers Management, LLC, as a "loss payee". Paragraph 39 provides that (emphasis added):

It is agreed that Aon Risk Services, Inc. are authorized to issue Certificate(s) or Evidence(s) of Insurance being the Acord Certificate of Property Insurance 24 (1/95), naming Additional Named Insured(s), Loss Payee(s) or Mortgagee(s), and others for their respective rights and interests, *subject always to the terms, conditions and limits of endorsements in respect of such additional interests. . . .*

The foregoing expressly notes that any certificate of insurance issued by Aon is subject to the limits of endorsements and, as reflected in the Insurance Policy, there is no endorsement that lists the Landlord as a "loss payee".

17. Further, paragraph 53 of the Insurance Policy states, as follows:

Loss Payable

Loss, if any, shall be adjusted with and payable to Sears Holdings Corporation or as directed by it.

Insurance Policy, ¶ 53. It is uncontroverted that the Debtors did not direct its insurer to make payment to a third party.

18. On September 8, 2017 and September 28, 2017, in connection with Hurricane Irma and Hurricane Maria, respectively, SHC submitted claims under the Insurance Policy for at least 32 of its stores located in areas affected by such hurricanes. The Insurance Claim was comprised of amounts attributable to reconstructing the numerous buildings and amounts allocated for furniture, fixtures, and equipment. After extensive negotiations with the Debtors' insurers, the parties reached an agreement whereby the Debtors' insurers agreed to pay SHC a fixed amount, in full and final satisfaction of the Insurance Claim. The Debtors received certain portions of the settlement payment prior to the Commencement Date and, on January 17, 2019, in full and final resolution of the Insurance Claim, the Debtors agreed to settle their claim for a final installment payment.⁵ All payments made or to be made to SHC under the Insurance Policy were or will be made in accordance with Section 53 of the Insurance Policy.

19. By letter dated October 30, 2017, the Landlord contacted the Debtors' insurance carrier, AIG Insurance Company Puerto Rico ("**AIG Puerto Rico**"), and represented that it was an "Additional Insured" under the Insurance Policies and, thus, it was to be informed as to the filing of any claim under such policies and any proceeds were to be deposited in accordance with Section 6.03 of the Lease. A copy of the correspondence is attached hereto as

⁵ Certain of the Debtors' insurers have not yet executed the Settlement Agreement and remitted their pro rata shares of the Insurance Proceeds.

Exhibit A. Upon information and belief the Landlord did not receive a response from AIG Puerto Rico.

20. On June 1, 2018 and June 6, 2018, Sears Puerto Rico sent letters to the Landlord detailing its position with respect to the Landlord's claim that the Insurance Proceeds must be placed in a special segregated account solely to be used to rebuild the Sears Store. A copy of the letters are attached hereto as Exhibit B. The June 6, 2018 letter included a tentative construction schedule that reflected an anticipated completion date of the end of 2018 (the "**Construction Schedule**"). The letter also stated that if Sears Puerto Rico did not hear from the Landlord within five days (i.e., by June 11, 2018), Sears Puerto Rico would consider any default alluded to in the letter sent by an affiliate of the Landlord, CCM Puerto Rico, dated June 4, 2018, cured and rescinded. A copy of the Landlord's June 4, 2018 letter is attached hereto as Exhibit C. The Landlord did not issue a response or refute the positions articulated by Sears Puerto Rico until the filing of the Motion six months later.

21. By letter dated January 23, 2019, the Landlord contacted AIG Europe Limited requesting information regarding the status of the Hurricane Maria Claim. The Landlord represented to the carrier that it is a "loss payee" under the Insurance Policies. A copy of the correspondence is attached hereto as Exhibit D. Upon information and belief, the Landlord did not receive a response to the letter.

The Motion Should be Denied

22. As noted above, the Debtors have or will comply with the Landlord's request for the status of the Insurance Claim and, as a result, the Court need not order such relief

in connection with the Motion. The remaining relief requested in the Motion should be denied for the reasons set forth more fully below.

A. The Landlord Is Not A “Loss Payee”

23. Regardless of the language of the Lease or any ancillary document, the Insurance Policy is void of any reference of the Landlord as a “loss payee” and only an insurance policy can grant a party such rights. Even if the Debtors were to concede that the Lease requires the Landlord to be named as a “loss payee”, and they do not, the failure to comply with the terms of the Lease does not, in turn, provide the Landlord with rights, title and interest to the Insurance Proceeds.

24. Notwithstanding any inconsistencies that may exist in the Lease or the certificate of insurance issued by Aon Risk Services, Inc. (“**Aon**”), dated October 25, 2017 (the “**2017 Certificate of Insurance**”), the 2017 Certificate of Insurance is not determinative of the extent of coverage under the Insurance Policy. The 2017 Certificate of Insurance is a summary document and it expressly has the following warning on the first page:

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

2017 Certificate of Insurance at 1 (emphasis in original). The Debtors are not liable for the errors or omissions of Aon in issuing the 2017 Certificate of Insurance.

25. Tellingly, the Motion does not allege that the Landlord has asserted any claims against the Debtors’ insurers for failure to turn over the Insurance Proceeds to the Landlord, due to its purported capacity as a “loss payee.” Both letters sent by the Landlord to the Debtors’

insurers seeking information in connection with the Insurance Claim specifically note that the Landlord is not making a demand for payment. If the Landlord truly believed that it had a cognizable right to the Insurance Proceeds as a “loss payee,” then surely it would have made a payment demand to, or asserted claims against, the Debtors’ insurers.

B. The Insurance Proceeds Are Property of the Debtors’ Estates

26. The filing of a bankruptcy petition creates a bankruptcy estate. Section 541 of the Bankruptcy Code governs what constitutes property of a debtor’s estate and it includes a broad range of tangible and intangible assets. 11 U.S.C. § 541(a) (creating the bankruptcy estate with all of the debtor’s legal and equitable interest in property as of the date the bankruptcy petition is filed).

27. It has been consistently recognized in this District that a debtor’s liability policies are property of the debtor’s estate. *See, e.g., MacArthur Co. v. Johns-Manville Corp.*, 837 F.2d 89 (2d Cir. 1988), cert. denied, 488 U.S. 868 (1988) (stating that “an insurance policy and any rights thereunder owned by a debtor upon filing a petition for relief in bankruptcy are property of the bankrupt estate.”). In the Motion, the Landlord concedes as much. *See* Motion, ¶ 28.

28. Further, insurance proceeds that are paid directly to a debtor pursuant to the terms of the insurance contract are generally held to be property of the estate. *See In re Bradt*, 757 F.2d 512 (2d Cir. 1985) (holding that, notwithstanding a security agreement providing a credit union with security interest stemming from a vehicle, including insurance proceeds, pursuant to section 541(a)(6) of the Bankruptcy Code the proceeds from the applicable insurance policy were property of the debtor’s estate); *Kirschenbaum v. Federal Ins. Co. (In re EMS Fin. Servs., LLC)*, 2013 Bankr. LEXIS 139, at 18 (Bankr. E.D.N.Y. Jan. 4, 2013) (stating “[w]hen an insurance policy provides coverage only to the debtor, courts will generally rule that the proceeds are property of

the estate.”) (internal citations omitted); *In re Island Helicopter Corp.*, 63 B.R. 515, 522 (Bankr. E.D.N.Y. 1986) (same).

29. The Motion is entirely based on the Landlord’s erroneous claim that it is a “loss payee” under the Insurance Policy. Indeed, the Landlord only cites to cases where a party is either a named “additional insured” or a “loss payee”, in support of its claim.⁶ As clearly established by the Insurance Policy, the Landlord is neither in this case. On its face, the Insurance Policy only provides for the payment of proceeds to SHC or a party identified by SHC. Consistent with established precedent, the Debtors request that the Court find that the Insurance Proceeds are property of their estates.

C. The Automatic Stay Applies To the Insurance Proceeds

30. The Motion makes passing reference to the automatic stay imposed under section 362 of the Bankruptcy Code and, in conclusory fashion, states that the automatic stay is inapplicable to the Insurance Proceeds because such amounts are not property of the Debtors’ estates. However, as established above, the Insurance Proceeds are property of the Debtors’ estates. Accordingly, the protections of the automatic stay apply.

31. Section 362(a) of the Bankruptcy Code provides, in pertinent part, that the filing of a bankruptcy petition:

... operates as a stay, applicable to all entities, of

(3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.

(6) any act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under this title.

⁶ See, *In re Amiel Restaurant Partners, LLC*, 510 B.R. 744 (Bankr. D. N.J. 2014) (naming third party under commercial property insurance policy as loss payee); *In re Florian*, 233 B.R. 25 (D. Conn. 1999) (naming plaintiff as an “Additional Insured and Loss Payee”).

11 U.S.C. § 362(a)(3) and (a)(6). The Landlord is clearly attempting to engage in actions expressly prohibited by the Bankruptcy Code. Despite the applicability of the automatic stay, the Motion fails to request modification of the automatic stay pursuant to section 362(d)(1) of the Bankruptcy Code. Moreover, even if the Landlord were to amend the Motion to seek such relief, any request for such relief in this case should be denied.

32. The Second Circuit established a set of twelve factors in *Sonnax* (the “**Sonnax Factors**”) that have become the standard by which courts in the Second Circuit consider whether to modify the automatic stay.⁷ See *In re Lehman Bros. Holdings Inc.*, 435 B.R. 122, 138 (S.D.N.Y. 2010) (“*Sonnax* . . . is routinely referenced as the leading relief from stay precedent in this Circuit.”), *aff’d sub nom. Suncal Cmtys. I LLC v. Lehman Commercial Paper, Inc.*, 402 F. App’x 634 (2d Cir. 2010).

33. Although the *Sonnax* Court outlined twelve factors, courts need not consider each factor, but may consider only the factors that are relevant to the particular case. See *In re RCM Global Long Term Capital Appreciation Fund, Ltd.*, 200 B.R. 514, 526 (Bankr. S.D.N.Y. 1996) (“A court should . . . use only the factors that are deemed relevant”). In fact,

⁷ The *Sonnax* Factors are:

- (1) whether relief would result in a partial or complete resolution of the issues;
- (2) lack of any connection with or interference with the bankruptcy case;
- (3) whether the other proceeding involves the debtor as a fiduciary;
- (4) whether a specialized tribunal with the necessary expertise has been established to hear the cause of action;
- (5) whether the debtor’s insurer has assumed full responsibility for defending it;
- (6) whether the action primarily involves third parties;
- (7) whether litigation in another forum would prejudice the interests of other creditors;
- (8) whether the judgment claim arising from the other action is subject to equitable subordination;
- (9) whether movant’s success in the other proceeding would result in a judicial lien avoidable by the debtor;
- (10) the interests of judicial economy and the expeditious and economical resolution of litigation;
- (11) whether the parties are ready for trial in the other proceeding; and
- (12) impact of the stay on the parties and the balance of harms.

Sonnax, 907 F.2d at 1286.

the *Sonnax* Court itself considered only four of the twelve factors as relevant in that case. *Sonnax*, 907 F.2d at 1286. Additionally, courts need not assign equal weight to each factor, and have discretion in weighing the factors against one another. *RCM Global*, 200 B.R. at 526 (“A court should apply these factors on a case-by-case basis . . . assigning to each factor whatever weight the court feels is appropriate.”).

34. The Second Circuit has held that the party seeking to lift or modify the automatic stay bears the initial burden to show cause as to why the stay should be modified or lifted and “[i]f the movant fails to make an initial showing of cause . . . the court should deny relief without requiring any showing from the debtor that it is entitled to continued protection.” *Sonnax*, 907 F.2d at 1285. Once the movant has shown cause, the party opposing the motion must show that it is entitled to the continuing protections of the automatic stay. *See In re Enron*, 306 B.R. 465, 476 (Bankr. S.D.N.Y. 2004) (citing *In re M.J. & K. Co.*, 161 B.R. 586, 590 (Bankr. S.D.N.Y. 1993)); *see also RCM Global*, 200 B.R. at 526.

35. Without going through an exhaustive analysis of each *Sonnax* factor, it is evident that the following facts, among others, militate in favor of denying relief from the automatic stay:

- The Lease is among the “Designatable Leases” set forth in the Asset Purchase Agreement in connection with the Court–approved sale. If ESL requests that the Debtors assume and assign the Lease, the Motion may become moot because any defaults under the Lease would have to be cured.
- Any determination as to whether the Landlord has a direct entitlement to the Insurance Proceeds is within the core jurisdiction of this Court. 28 U.S.C. § 157(b)(2)((B)(“allowance or disallowance of claims against the estate or *exemptions from property of the estate*”)(emphasis supplied).

36. Given the Landlord’s utter failure to satisfy its burden to establish cause for modification of the automatic stay, any request for relief from the stay should be denied.

CONCLUSION

For the foregoing reasons, the Motion should be denied.

Dated: February 8, 2019
New York, New York

/s/ Jacqueline Marcus
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
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Facsimile: (212) 310-8007
Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail
Sunny Singh
Jessica Liou

*Attorneys for Debtors
and Debtors in Possession*

Exhibit A

Landlord Letter to AIG
Insurance Company Puerto Rico



Exhibit I

October 30, 2017

Via email rolando.ortega@aig.com

AIG Insurance Company Puerto Rico
Attn. Mr. Rolando Ortega
250 Muñoz Rivera, suite 500
San Juan, PR 00918

Re: Insurance policy number PTNAM1701557 for the Sears store located at Santa Rosa Mall, Bayamón, Puerto Rico

Dear Mr. Ortega:

The above referenced property insurance policy covers the Sears store located at Santa Rosa Mall, and both Santa Rosa Mall, LLC and Commercial Centers Management Realty, S en C ("CCM") are Additional Insureds under the policy. For ease of reference, I enclose a copy of the Certificate of Property Insurance.

Please be advised that under Section 6.03 of the Lease Agreement, all net sums recovered for loss or damage under any applicable insurance policy must be deposited in a special account in the name of Landlord to be applied to the cost of rebuilding the premises. Under the existing Lease Agreement, Sears Holding Management Corporation ("Sears") is required to promptly and expeditiously repair the damage caused and/or rebuild the premises. Sears is aware and has agreed to fully comply with the provisions of the Lease herein discussed.

CCM formally requests to be informed as to the filing of any claim under the policy as well as the processing of the same, and that any insurance proceeds be deposited as required by the Lease Agreement.

Please contact the undersigned at balvarez@ccmpr.com to further discuss this matter and coordinate necessary arrangements regarding the foregoing.

Cordially,

Betsy Alvarez
Senior VP of Operations and Finance

c: claims.pr@aig.com



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/25/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER Aon Risk Services Central, Inc. Chicago IL Office 200 East Randolph Chicago IL 60601 USA	CONTACT NAME: PHONE (AC. No. Ext): (866) 283-7122 FAX (ND. No.): (800) 363-0105 E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: 570000034159														
INSURED Sears Holdings Corporation dba Sears, Roebuck and Co. Attn: Risk Management E3-219A 3333 Beverly Road Hoffman Estates IL 60179 USA	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: AIG Europe Limited</td> <td>AA112084</td> </tr> <tr> <td>INSURER B:</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: AIG Europe Limited	AA112084	INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER B:															
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															

COVERAGES

CERTIFICATE NUMBER: 570069032839

REVISION NUMBER:

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Sears Store No. 1915 - Santa Rosa Mall, Bayamon, PR.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/>	PROPERTY	PTNA41701557	06/01/2017	06/01/2018	BUILDING	
		CAUSES OF LOSS				PERSONAL PROPERTY	
		BASIC				BUSINESS INCOME	
		BROAD				<input checked="" type="checkbox"/> EXTRA EXPENSE	\$50,000,000
		SPECIAL				RENTAL VALUE	
	<input checked="" type="checkbox"/>	EARTHQUAKE				BLANKET BUILDING	
	<input checked="" type="checkbox"/>	WIND				BLANKET PERS PROP	
	<input checked="" type="checkbox"/>	FLOOD				<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$50,000,000
	<input checked="" type="checkbox"/>	ALL RISK-Subject to Exclusions				<input checked="" type="checkbox"/> Earthquake - Aggregate	\$50,000,000
		BK B&PP Ded				<input checked="" type="checkbox"/> Flood - Aggregate	\$50,000,000
	<input type="checkbox"/>	INLAND MARINE	TYPE OF POLICY				
	<input type="checkbox"/>	CAUSES OF LOSS	POLICY NUMBER				
	<input type="checkbox"/>	NAMED PERILS					
	<input type="checkbox"/>	CRIME					
	<input type="checkbox"/>	TYPE OF POLICY					
	<input type="checkbox"/>	BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage subject to the lease requirements, if any. Replacement Cost Valuation; No Coinsurance; Waiver of subrogation included; Mold Coverage Excluded; All real and personal property owned, acquired by, used by, intended for use by the insured, including real and personal property of others in the insured's care, custody or control; extra expense, contingent extra expense, rents,

CERTIFICATE HOLDER

CANCELLATION

CCM Puerto Rico, A CCM Group Company
Santa Rosa Mall, LLC, 3 Pals Caribe, LLC
Commercial Centers Management Realty
S. en C.
Carr. #2, Km. 7.1
Bayamón PR 00960 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central, Inc.

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ACORD 24 (2016/03)

The ACORD name and logo are registered marks of ACORD

Holder Identifier : 1915

CERTIFICATE NUMBER: 570069032839





AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation
POLICY NUMBER See Certificate Number: 570069032839		EFFECTIVE DATE:
CARRIER See Certificate Number: 570069032839	NAIC CODE	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	PROPERTY	PTNAM1701557	06/01/2017	06/01/2018	Boiler & Machinery	Included



AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839		EFFECTIVE DATE:	
CARRIER See Certificate Number: 570069032839	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS / OTHER COVERAGES

rental income, leasehold interests, valuable papers, and records, accounts receivable and other coverage's further described in the policy form. Santa Rosa Mall, LLC, 3 Pals Caribe, LLC and Commercial Centers Management, LLC are included as Loss Payee in accordance with the policy provisions of the Property policy with respect to the property located at the above referenced Location.



AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page __ of __

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation
POLICY NUMBER See Certificate Number: 570069032839		
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 **FORM TITLE:** Certificate of Property Insurance

Property Program 6/1/17 - 6/1/18

\$50,000,000 All Risk Policy Numbers:

Primary Property

ACE American Insurance Company - GPAD3739824A010 - 12% of \$50M
Zurich American Insurance Company - XPP926068010 - 10% of \$50M
Lloyds of London - Syndi 3000 MKL (Slip Leader) - PTNAM1701122 - 3% of \$50M
*Novae Bermuda Underwriting Ltd - XR04017ADFRT - 3% of \$50M
*Allied World Assurance Company, Ltd. - P003839014 - 18.33% of \$50M
Lloyds of London - Synd 318 MSP (Slip Leader) - PTNAM1701562 - 7.5% of \$50M
Aspen Specialty Insurance Company - PXAAS2817 - 1.67% of \$50M
Westport Insurance Corporation - NAP045210505 - 8% of \$50M
HDI Global Insurance Company - XPD1488600 - 2.5% of \$50M

Starr Companies - 5% of \$50M

Starr Surplus Lines Insurance Company - SLSTPTY10966117

Chubb Custom Insurance Company - 4468121406

General Security Indemnity Company of Arizona (GSINDA) - T0234451703681

Executive Risk Specialty Insurance Company - 4468121506

Excess Property

Endurance Worldwide Insurance Ltd. (Slip Leader) - PTNAM1701564 - 2% of \$50M
Lloyds of London - Synd 1414 ASC (Slip Leader) - PTNAM1701559 - 8% of \$50M
Tokio Marine America Insurance Company - LCP648016706 - 4% of \$50M
Liberty Mutual Fire Insurance Company - MJ2L9L426774037 - 4% of \$50M
Ironshore Specialty Insurance Company - 000423108 - 2.5% of \$50M
AIG Europe Ltd. - PTNAM1701557 - 8.5% of \$50M

As indicated by (*), Aon Risk Solutions (U.S) is authorized to generate and distribute certificates in an administrative capacity as evidence of insurance where required by clients of the Insured."

EXHIBIT II



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/25/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT
NAME:
PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105
E-MAIL ADDRESS:
PRODUCER
CUSTOMER ID #: 570000834159

INSURED
Sears Holdings Corporation
dba Sears, Roebuck and Co.
Attn: Risk Management E3-219A
3333 Beverly Road
Hoffman Estates IL 60179 USA

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	AXG Europe Limited	AA112084
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

COVERAGES

CERTIFICATE NUMBER: 570069032839

REVISION NUMBER:

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Sears Store No. 1915 - Santa Rosa Mall, Bayamon, PR.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	X	PROPERTY	PTNA41701557	06/01/2017	06/01/2018	BUILDING	
		CAUSES OF LOSS				PERSONAL PROPERTY	
		BASIC				BUSINESS INCOME	
		BROAD				X EXTRA EXPENSE	\$50,000,000
		SPECIAL				RENTAL VALUE	
	X	EARTHQUAKE				BLANKET BUILDING	
	X	WIND				BLANKET PERS PROP	
	X	FLOOD				X BLANKET BLDG & PP	\$50,000,000
	X	ALL RISK-Subject to Exclusions				X Earthquake - Aggregate	\$50,000,000
		BK B&PP Ded				X Flood - Aggregate	\$50,000,000
		INLAND MARINE	TYPE OF POLICY				
		CAUSES OF LOSS	POLICY NUMBER				
		NAMED PERILS					
		CRIME					
		TYPE OF POLICY					
		BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage subject to the lease requirements, if any. Replacement Cost Valuation; No Coinsurance; Waiver of Subrogation included; Hold Coverage Excluded; All real and personal property owned, acquired by, used by, intended for use by the insured, including real and personal property of others in the insured's care, custody or control; extra expense, contingent extra expense, rents,

CERTIFICATE HOLDER

CANCELLATION

CCM Puerto Rico, A CCM Group Company
Santa Rosa Mall, LLC, 3 Pals Caribe, LLC
Commercial Centers Management Realty
S. en C.
Carr. #2, Km. 7.1
Bayamón PR 00960 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central, Inc.

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ACORD 24 (2016/03)

The ACORD name and logo are registered marks of ACORD

Holder Identifier : 1915

CERTIFICATE NUMBER: 570069032839





AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839			
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 **FORM TITLE:** Certificate of Property Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	PROPERTY	PTNANI701557	06/01/2017	06/01/2018	Boiler & Machinery	Included

AGENCY CUSTOMER ID : 570000034159

LOC #:



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839			
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS / OTHER COVERAGES

rental income, leasehold interests, valuable papers, and records, accounts receivable and other coverage's further described in the policy form. Santa Rosa Mall, LLC, 3 Pals Caribe, LLC and Commercial Centers Management, LLC are included as Loss Payee in accordance with the policy provisions of the Property policy with respect to the property located at the above referenced Location.

AGENCY CUSTOMER ID: 570000034159

LOC #:



ADDITIONAL REMARKS SCHEDULE

Page .. of ..

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839			
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

Property Program 6/1/17 - 6/1/18

\$50,000,000 All Risk Policy Numbers:

Primary Property

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*Novae Bermuda Underwriting Ltd - XR04017ADFRT - 3% of \$50M
*Allied World Assurance Company, Ltd. - P003839014 - 18.33% of \$50M
Lloyds of London - Synd 318 MSP (Slip Leader) - PTNAM1701562 - 7.5% of \$50M
Aspen Specialty Insurance Company - PXAA52817 - 1.67% of \$50M
Westport Insurance Corporation - NAP045210505 - 8% of \$50M
HDI Global Insurance Company - XPD1488600 - 2.5% of \$50M

Starr Companies - 5% of \$50M

Starr Surplus Lines Insurance Company - SLSTPTY10966117

Chubb Custom Insurance Company - 4468121406

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Executive Risk Specialty Insurance Company - 4468121506

Excess Property

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Lloyds of London - Synd 1414 ASC (Slip Leader) - PTNAM1701559 - 8% of \$50M
Tokio Marine America Insurance Company - LCP648016706 - 4% of \$50M
Liberty Mutual Fire Insurance Company - M32L9L426774037 - 4% of \$50M
Ironshore Specialty Insurance Company - 000423108 - 2.5% of \$50M
AIG Europe Ltd. - PTNAM1701557 - 8.5% of \$50M

As indicated by (*), Aon Risk Solutions (U.S) is authorized to generate and distribute certificates in an administrative capacity as evidence of insurance where required by clients of the insured."

Exhibit B

Sears Puerto Rico June 1, 2018 and June 6, 2018 Letters

SEARS HOLDINGS CORPORATION

June 1, 2018

CERTIFIED MAIL/
RETURN RECEIPT REQUESTED
7016 2070 0000 0797 8831

Commercial Centers Management
PO Box 362983
San Juan, PR 00936

Via Email: balvarez@ccmpr.com

Re: Sears 1915
Location: Bayamon, PR
Date of Loss: 9/21/2017
Type of Loss: Hurricane Maria / Wind

Dear Ms. Alvarez,

This letter is a follow up to our earlier letter dated October 26, 2017 (copy attached).

We previously received notification on October 23, 2017 of the Landlord's inquiry for insurance proceeds to be placed into a special account for Sears 1915 Bayamon, PR in the name of the Landlord. Per Section 6.04 of the Lease, the Tenant is required to restore or rebuild the building due to damage or destruction. Upon review we see no requirement for the Tenant's Parent Corporation (Sears Holdings Corporation) to set up a special account in the Landlord's name with insurance proceeds if the Parent Corporation is the building insurer. Sears Holdings Corporation is the Parent Corporation of the Tenant, Sears, Roebuck De Puerto Rico, Inc., and insures the building. As such, Sears Holdings will continue to repair the building but no special account will be set up to fund these repairs.

Per the Lease Agreement entered September 6th, 1965, Section 6.04,

If the Tenant's Parents Corporation is the insurer of the buildings on the Demised Premises against loss from fire or other casualty, then upon the damage or destruction of such buildings, Tenant shall promptly proceed to repair the damage or to restore or rebuild, in accordance with Section 6.03, Subsection (a) and Subsection (b), paragraphs (1) and (2) hereof, and Tenant shall promptly furnish to Landlord the written undertaking of its Parent Corporation to provide all monies which shall be required to complete the repair or reconstruction work.

Section 6.04 makes no reference or requirement to Subsection (3) of Section 6.03 requiring a special account to fund repairs.

This letter will serve as written confirmation that Parent Corporation, Sears Holdings Corporation, will provide all monies required to restore and rebuild the Sears store building as required by Section 6.04 of the Lease. Should the Landlord care to discuss these requirements please feel free to call.

As stated in our prior letter, Sears is currently in the process of completing permanent building repairs to Sears 1915 Bayamon, PR. Attached is the latest status of those repairs. For any questions involving the date of completion and other specifics please contact the Sears Project Manager, Barry Brunson. His cell phone # is (817) 689-3108.

Please contact me should you have any questions.

Sincerely,



Michael Lodi
Manager, Property Claims
Sears Holdings Corporation
3333 Beverly Road E3-237B; Hoffman Estates, IL 60179
Office: 847-286-2603 Email: Michael.Lodi@searshc.com

SEARS HOLDINGS CORPORATION

October 26, 2017

CERTIFIED MAIL/
RETURN RECEIPT REQUESTED
7016 2070 0000 0797 8220

Commercial Centers Management
PO Box 362983
San Juan, PR 00936

Via Email: balvarez@ccmpr.com

Re: Sears 1915
Location: Bayamon, PR
Date of Loss: 9/21/2017
Type of Loss: Hurricane Maria / Wind

Dear Ms. Alvarez,

This letter is in response to your letter dated October 23, 2017 (copy enclosed).

As you are aware, the Sears building sustained extensive damage from Hurricane Maria. Northstar Recovery Services was contacted for emergency cleanup and dry-out to mitigate building damages and protect the building from further damage. Sears is currently in the process of obtaining permanent building repair proposals. Sears intends to repair the building on an expedited basis as material and labor are available. Nevertheless, it may take months for repairs to be completed and the store to open.

We agree the Lease Agreement dated September 6th, 1965, requires the Tenant to repair the building for damage or destruction by fire or other insured casualty. Sears has an insurance claim for this loss but it will take some time for insurance proceeds to be received to this loss. Please let us know what account the Landlord would like the insurance proceeds to be deposited to for building repair. Once the insurance payment is received arrangements will be made for it to be deposited with an agreed bank.

Sears District Facility Manager, Luis Almanza, is the point of contact to discuss on-site permanent building repairs, inspection and provide access to the premises. His cell phone number is (305) 725-0523.

Please let us know if there is anything further at this time. As information on the cost of repairs becomes available we will advise further.

Sincerely,



Michael Lodi
Property Analyst – Risk Management
Sears Holdings Corporation
3333 Beverly Road E3-272A; Hoffman Estates, IL 60179
Office: 847-286-2603 Email: Michael.Lodi@searshc.com

STORE #	TYPE	LOCATION	Project MGR	Status
				5/4/2018

1915 FLS BAYAMON, PR BARRY BRUNSON
817 689 3108
847 254 1915

No Change Permit Plans have been processed. District supplied, Sales Support and Office plan, complete and transmitted waiting on Planning for revised Merchandise and Sales Support Plans. Store Hazardous Materials Abatement starts 4/16/2018. Store will be abated in Quadrants per floor starting on the 2nd Floor Stock Area. Please be aware of Hazardous Materials Warning signs that will be posted in the building in the areas work is being completed. Exterior Design for Building upper level Design and Repairs request have been sent to Architect for Research and Implementation into the Permit Drawings. Sandra Pechan sent a Request for Information to the District Team for Licensed Business, Cash wrap Placement and Sale Support information. This information is needed to send correct plans to the Architect.

Status	Status
5/11/2018	5/18/2018

No Change.

No Change Permit Plans have been processed. District supplied, Sales Support and Office plan, complete and transmitted waiting on Planning for revised Merchandise and Sales Support Plans. Store Hazardous Materials Abatement starts 4/16/2018. Store will be abated in Quadrants per floor starting on the 2nd Floor Stock Area. Please be aware of Hazardous Materials Warning signs that will be posted in the building in the areas work is being completed. Exterior Design for Building upper level Design and Repairs request have been sent to Architect for Research and Implementation into the Permit Drawings. Sandra Pechan sent a Request for Information to the District Team for Licensed Business, Cash wrap Placement and Sale Support information. This information is needed to send correct plans to the Architect.

SEARS HOLDINGS CORPORATION

June 6, 2018

CERTIFIED MAIL/
RETURN RECEIPT REQUESTED
7016 2070 0000 0797 8848

Commercial Centers Management
PO Box 362983
San Juan, PR 00936

Via Email: ymelendez@ccmpr.com
balvarez@ccmpr.com

Re: Sears 1915
Location: Bayamon, PR
Date of Loss: 9/21/2017
Type of Loss: Hurricane Maria / Wind

Dear Ms. Melendez,

This letter is intended to provide a brief recap of our telephone conversation on June 5, 2018.

As discussed, in Section 6.4 of the Lease the Tenant's Parent Corporation, Sears Holdings Corporation, is not required to place insurance money into a special account for building repairs as a result of fire or other casualty. Our letter of June 1st explains in detail. The Certificate of Insurance confirms Sears Holdings Corporation is the insured. Please let me know if there are any further questions.

As to the progress of the building repairs, we believe we have been proceeding in a diligent fashion. In order to assure Landlord of our intent and diligence, and as promised in our call attached you will find a Construction Schedule from the Sears Construction Team. The Construction Schedule provides the approximate dates Sears expects to have specific repair items completed. As you can see, Sears anticipates having a Grand Reopening on January 1, 2019. As stated in our prior letter, Sears Holdings Corporation will provide all monies required to restore and rebuild as required by the Lease. Should you or others at your company have any Construction specific questions please feel free to contact the Sears Project Manager, Barry Brunson. His cell phone number # is (817) 689-3108, and he has working knowledge of the construction progress.

Please contact me should you have any questions. At this juncture, if Tenant does not hear from Landlord to the contrary within 5 days from the date of this letter, Tenant will consider any default alluded to in Landlord's letter dated June 1, 2018, cured and rescinded.

Sincerely,



Dale Menendez, CPCU, MBA
Director, Property Claims - Risk Mgmt
Sears Holdings Management Corporation
3333 Beverly Road, E3-240B
Hoffman Estates, IL 60179

1915 Sears Bayamon, PR

Hurricane Repair and Build Back

Sears Holdings Corporation have undertaken significant steps in restoring the Bayamon property to original condition. See below for reference on the timeline and milestones for the build-back:

- Mold Remediation - 11/2017 start, now Complete
- Interior Building Demo – 1/2018 start, now Complete
- Roof Replacement: Upper Level – 1/2018 start, now Complete
- ACM Environmental Abatement – 3/2018 start, now Complete 6/15
- Architectural and Mechanical Permit Plans – Complete 6/29/2018
- Submit for Permits – 7/2 Start
- Pre-Bid Meeting – 7/06
- Material Orders Released – 7/09 Start
- Major Construction – 7/27 Start
- Roof Replacement: Lower Level – 8/3 Start
- Exterior Building Repairs – 8/6 Start
- Exterior Signs – 8/24 Start
- Merchandise Receipt: 10/15 Start

Planned date for Certificate of Occupancy to be complete is end of Calendar Year 2018

Exhibit C

Landlord June 4, 2018 Letter



PO Box 362983, San Juan, PR 00936-2983
Tel. 787-622-9600, Fax 787-277-9601

June 4, 2018

Via email: Michael.Lodi@searshc.com

Sears Holdings Corporation
Attn. Mr. Michael Lodi
Manager, Property Claims
3333 Beverly Road, E3-237B-097B
Hoffman Estates, IL 60179

Re: Sears store #1915 at Santa Rosa Mall, Bayamón, Puerto Rico

Dear Mr. Lodi:

The assertions made in your June 1, 2018 letter, as to the self-insured status of Sears Holding Corporation for the damages suffered by the above referenced store during hurricane María are contrary to your letter dated October 26, 2017. In your October letter, you affirmatively represented that Sears had filed a claim to the insurance company and would indeed deposit the insurance proceeds in a mutually agreed account as required by the Agreement. Moreover, the possibility of Sears being self-insured is defeated by the fact that an insurance policy is in place as evidenced by the Certificate of Property Insurance dated July 26, 2017. A copy of the Certificate of Property Insurance, covering the period from June 1, 2017 to June 1, 2018, is attached hereto as Exhibit 1.

In light of the foregoing, Section 6.04 of the September 6, 1965 Lease Agreement is inapposite, and Landlord reiterates that Sears is in default with the terms of Section 6.03 of the Agreement due to its failure to deposit, for the benefit of Landlord, in a mutually agreed local bank. Moreover, the scarce information provided on the progress of the store repairs is completely inadequate to properly inform Landlord of the nature and scope of the work being performed, nor does it provide information as to a potential opening date.

Prompt and correct attention to this matter is required. Should Tenant continue to delay the faithful compliance with the terms and conditions of the Lease Agreement, Landlord will vigorously defend and protect its rights and interests under the Agreement.

Cordially,

Betsy Alvarez
SVP of Operations and Finance

Enclosure



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/25/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT
NAME:
PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105
E-MAIL:
ADDRESS:
PRODUCER
CUSTOMER ID #: 570000034159

INSURED
Sears Holdings Corporation
dba Sears, Roebuck and Co.
Attn: Risk Management E3-219A
3333 Beverly Road
Hoffman Estates IL 60179 USA

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	AIG Europe Limited	AA112084
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

Holder Identifier: 1915

COVERAGES **CERTIFICATE NUMBER:** 570069032839 **REVISION NUMBER:**

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Sears Store No. 1915 - Santa Rosa Mall, Bayamon, PR.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/> PROPERTY	PTNAM1701557	06/01/2017	06/01/2018	BUILDING	
	CAUSES OF LOSS DEDUCTIBLES				PERSONAL PROPERTY	
	<input type="checkbox"/> BASIC BUILDING				BUSINESS INCOME	
	<input type="checkbox"/> BROAD CONTENTS				<input checked="" type="checkbox"/> EXTRA EXPENSE	\$50,000,000
	<input type="checkbox"/> SPECIAL				RENTAL VALUE	
	<input checked="" type="checkbox"/> EARTHQUAKE				BLANKET BUILDING	
	<input checked="" type="checkbox"/> WIND				BLANKET PERS PROP	
	<input checked="" type="checkbox"/> FLOOD				<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$50,000,000
	<input checked="" type="checkbox"/> ALL RISK-Subject to Exclusions				<input checked="" type="checkbox"/> Earthquake - Aggregate	\$50,000,000
	<input type="checkbox"/> Bkt B&PP Ded				<input checked="" type="checkbox"/> Flood - Aggregate	\$50,000,000
	INLAND MARINE	TYPE OF POLICY				
	CAUSES OF LOSS	POLICY NUMBER				
	NAMED PERILS					
	CRIME					
	TYPE OF POLICY					
	BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage subject to the lease requirements, if any. Replacement Cost Valuation; No Coinsurance; Waiver of Subrogation included; Mold coverage Excluded; All real and personal property owned, acquired by, used by, intended for use by the insured, including real and personal property of others in the insured's care, custody or control; extra expense, contingent extra expense, rents,

CERTIFICATE HOLDER

CANCELLATION

CCM Puerto Rico, A CCM Group Company
Santa Rosa Mall, LLC, 3 Pals Caribe, LLC
Commercial Centers Management Realty
S. en C.
Carr. #2, Km. 7.1
Bayamón PR 00960 USA

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central Inc.

CERTIFICATE NUMBER: 570069032839

AGENCY CUSTOMER ID: 570000034159



LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation
POLICY NUMBER See Certificate Number: 570069032839		
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS / OTHER COVERAGES

rental income, leasehold interests, valuable papers, and records, accounts receivable and other coverage's further described in the policy form. Santa Rosa Mall, LLC, 3 Pals Caribe, LLC and Commercial Centers Management, LLC are included as Loss Payee in accordance with the policy provisions of the Property policy with respect to the property located at the above referenced Location.

AGENCY CUSTOMER ID: 570000034159

LOC #:



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839			
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	PROPERTY	PTNAM1701557	06/01/2017	06/01/2018	Boiler & Machinery	Included

AGENCY CUSTOMER ID: 570000034159

LOC #:



ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839			
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

Property Program 6/1/17 - 6/1/18

\$50,000,000 All Risk Policy Numbers:

Primary Property

ACE American Insurance Company - GPAD3739824A010 - 12% of \$50M
Zurich American Insurance Company - XPP926068010 - 10% of \$50M
Lloyds of London - Syndt 3000 MKL (Slip Leader) - PTNAM1701122 - 3% of \$50M
*Novae Bermuda Underwriting Ltd - XR04017ADFRT - 3% of \$50M
*Allied World Assurance Company, Ltd. - P003839014 - 18.33% of \$50M
Lloyds of London - Synd 318 MSP (Slip Leader) - PTNAM1701562 - 7.5% of \$50M
Aspen Specialty Insurance Company - PXAA52817 - 1.67% of \$50M
Westport Insurance Corporation - NAP045210505 - 8% of \$50M
HDI Global Insurance Company - XPD1488600 - 2.5% of \$50M

Starr Companies - 5% of \$50M

Starr Surplus Lines Insurance Company - SLSTPTY10966117

Chubb Custom Insurance Company - 4468121406

General Security Indemnity Company of Arizona (GSINDA) - T0234451703681

Executive Risk Specialty Insurance Company - 4468121506

Excess Property

Endurance Worldwide Insurance Ltd. (Slip Leader) - PTNAM1701564 - 2% of \$50M
Lloyds of London - Synd 1414 ASC (Slip Leader) - PTNAM1701559 - 8% of \$50M
Tokio Marine America Insurance Company - LCP648016706 - 4% of \$50M
Liberty Mutual Fire Insurance Company - MJ2L9L426774037 - 4% of \$50M
Ironshore Specialty Insurance Company - 000423108 - 2.5% of \$50M
AIG Europe Ltd. - PTNAM1701557 - 8.5% of \$50M

As indicated by (*), Aon Risk Solutions (U.S) is authorized to generate and distribute certificates in an administrative capacity as evidence of insurance where required by clients of the Insured."

Exhibit D

Landlord Letter to AIG Europe Limited



Pg. 40 of 49
221 Ponce de León Avenue, Suite 500
San Juan, PR 00917
T. 787-766-7000
F. 787.766.7001

January 23, 2019

CERTIFIED MAIL:

AIG EUROPE LIMITED

The AIG Building
58 Fenchurch Street
London EC3M 4AB

This is not an attempt to collect a debt.
This letter is sent for informational
purposes only. We acknowledge your
bankruptcy filing.

RE: Insurance Policy No. PTNAM1701557, effective from 06/01/2017-06/01/2018
Insurance Policy No. PTNAM1802875, effective from 06/01/2018-06/01/2019

To Whom It May Concern:

Our firm represents Santa Rosa Mall, LLC ("Santa Rosa Mall"), a loss payee to the above referenced property insurance policies, which cover Sears Store No. 1915 ("Store 1915") located at Santa Rosa Mall, Bayamón, PR 00959. The purpose of this letter is to request information regarding the status of a claim under either policy, as set forth in our client's October 30th letter attached hereto as **Exhibit I**. This is not a collection letter or a demand for payment.

Store 1915 has remained closed since September 2017, due to damages suffered during Hurricane Maria. Pursuant to Michael Lodi, Property Analyst at Sears Holdings Corporation, "Sears has an insurance claim for this loss". At such time, Sears was insured by AIG Europe Limited ("AIG") under Policy No. PTNAM1701557. I am including a copy of the *Certificate of Property Insurance* as **Exhibit II**. Under the "Additional Remarks Schedule" of such *Certificate*, "Santa Rosa Mall LLC [] [is] included as Loss Payee in accordance with the policy provisions of the Property policy with respect to the property located at the above referenced location", referring to Store 1915. Id. Thus, upon information and belief, Sears is currently insured by AIG under Policy No. PTNAM1802875.

As a Loss Payee, Santa Rosa Mall affirming it has an interest in any negotiation conducted by and between AIG and Sears, as well as any proceeds thereto. As such, we provide notice, and hereby copy Debtor's counsel, that any insurance proceeds recovered for loss or damage be issued jointly to Debtor and Santa Rosa so that funds can be deposited in a segregated account to be used only for the repairs to Store 1915, in compliance with Section 6.03(b)(3) of the *Lease Agreement* executed by Santa Rosa Mall and Sears on September 22, 1965.

As it relates to AIG Europe Limited, this letter is being sent in conjunction with the Debtor for notification purposes. This notice is for informational purposes only and does not constitute a demand for payment.



Exhibit I

October 30, 2017

Via email rolando.ortega@aig.com

AIG Insurance Company Puerto Rico
Attn. Mr. Rolando Ortega
250 Muñoz Rivera, suite 500
San Juan, PR 00918

Re: Insurance policy number PTNAM1701557 for the Sears store located at Santa Rosa Mall, Bayamón, Puerto Rico

Dear Mr. Ortega:

The above referenced property insurance policy covers the Sears store located at Santa Rosa Mall, and both Santa Rosa Mall, LLC and Commercial Centers Management Realty, S en C ("CCM") are Additional Insureds under the policy. For ease of reference, I enclose a copy of the Certificate of Property Insurance.

Please be advised that under Section 6.03 of the Lease Agreement, all net sums recovered for loss or damage under any applicable insurance policy must be deposited in a special account in the name of Landlord to be applied to the cost of rebuilding the premises. Under the existing Lease Agreement, Sears Holding Management Corporation ("Sears") is required to promptly and expeditiously repair the damage caused and/or rebuild the premises. Sears is aware and has agreed to fully comply with the provisions of the Lease herein discussed.

CCM formally requests to be informed as to the filing of any claim under the policy as well as the processing of the same, and that any insurance proceeds be deposited as required by the Lease Agreement.

Please contact the undersigned at balvarez@ccmpr.com to further discuss this matter and coordinate necessary arrangements regarding the foregoing.

Cordially,

Betsy Alvarez
Senior VP of Operations and Finance

c: claims.pr@aig.com



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/25/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER Aon Risk Services Central, Inc. Chicago IL Office 200 East Randolph Chicago IL 60601 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105 E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: 570000034159																					
INSURED Sears Holdings Corporation dba Sears, Roebuck and Co. Attn: Risk Management E3-219A 3333 Beverly Road Hoffman Estates IL 60179 USA	<table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr> <tr> <td>INSURER A:</td><td>AIG Europe Limited</td><td>AA112084</td></tr> <tr> <td>INSURER B:</td><td></td><td></td></tr> <tr> <td>INSURER C:</td><td></td><td></td></tr> <tr> <td>INSURER D:</td><td></td><td></td></tr> <tr> <td>INSURER E:</td><td></td><td></td></tr> <tr> <td>INSURER F:</td><td></td><td></td></tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	AIG Europe Limited	AA112084	INSURER B:			INSURER C:			INSURER D:			INSURER E:			INSURER F:		
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INSURER F:																						

COVERAGES

CERTIFICATE NUMBER: 570069032839

REVISION NUMBER:

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Sears Store No. 1915 - Santa Rosa Mall, Bayamon, PR.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/>	PROPERTY	PTNA41701557	06/01/2017	06/01/2018	BUILDING	
		CAUSES OF LOSS				PERSONAL PROPERTY	
		BASIC				BUSINESS INCOME	
		BROAD				<input checked="" type="checkbox"/> EXTRA EXPENSE	\$50,000,000
		SPECIAL				RENTAL VALUE	
	<input checked="" type="checkbox"/>	EARTHQUAKE				BLANKET BUILDING	
	<input checked="" type="checkbox"/>	WIND				BLANKET PERS PROP	
	<input checked="" type="checkbox"/>	FLOOD				<input checked="" type="checkbox"/> BLANKET BLDG & PP	\$50,000,000
	<input checked="" type="checkbox"/>	ALL RISK-Subject to Exclusions				<input checked="" type="checkbox"/> Earthquake - Aggregate	\$50,000,000
		BK B&PP Ded				<input checked="" type="checkbox"/> Flood - Aggregate	\$50,000,000
	<input type="checkbox"/>	INLAND MARINE	TYPE OF POLICY				
	<input type="checkbox"/>	CAUSES OF LOSS	POLICY NUMBER				
	<input type="checkbox"/>	NAMED PERILS					
	<input type="checkbox"/>	CRIME					
	<input type="checkbox"/>	TYPE OF POLICY					
	<input type="checkbox"/>	BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage subject to the lease requirements, if any. Replacement Cost Valuation; No Coinsurance; Waiver of subrogation included; Mold Coverage Excluded; All real and personal property owned, acquired by, used by, intended for use by the insured, including real and personal property of others in the insured's care, custody or control; extra expense, contingent extra expense, rents,

CERTIFICATE HOLDER

CANCELLATION

CCM Puerto Rico, A CCM Group Company
 Santa Rosa Mall, LLC, 3 Pals Caribe, LLC
 Commercial Centers Management Realty
 S. en C.
 Carr. #2, Km. 7.1
 Bayamón PR 00960 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central, Inc.

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ACORD 24 (2016/03)

The ACORD name and logo are registered marks of ACORD

Holder Identifier : 1915

CERTIFICATE NUMBER: 570069032839





AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation
POLICY NUMBER See Certificate Number: 570069032839		EFFECTIVE DATE:
CARRIER See Certificate Number: 570069032839	NAIC CODE	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES

If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	PROPERTY	PTNAM1701557	06/01/2017	06/01/2018	Boiler & Machinery	Included



AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839		EFFECTIVE DATE:	
CARRIER See Certificate Number: 570069032839	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS / OTHER COVERAGES

rental income, leasehold interests, valuable papers, and records, accounts receivable and other coverage's further described in the policy form. Santa Rosa Mall, LLC, 3 Pals Caribe, LLC and Commercial Centers Management, LLC are included as Loss Payee in accordance with the policy provisions of the Property policy with respect to the property located at the above referenced Location.



AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

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AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation
POLICY NUMBER See Certificate Number: 570069032839		
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 **FORM TITLE:** Certificate of Property Insurance

Property Program 6/1/17 - 6/1/18

\$50,000,000 All Risk Policy Numbers:

Primary Property

ACE American Insurance Company - GPAD3739824A010 - 12% of \$50M
Zurich American Insurance Company - XPP926068010 - 10% of \$50M
Lloyds of London - Syndi 3000 MKL (Slip Leader) - PTNAM1701122 - 3% of \$50M
*Novae Bermuda Underwriting Ltd - XR04017ADFRT - 3% of \$50M
*Allied World Assurance Company, Ltd. - P003839014 - 18.33% of \$50M
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Westport Insurance Corporation - NAP045210505 - 8% of \$50M
HDI Global Insurance Company - XPD1488600 - 2.5% of \$50M

Starr Companies - 5% of \$50M

Starr Surplus Lines Insurance Company - SLSTPTY10966117

Chubb Custom Insurance Company - 4468121406

General Security Indemnity Company of Arizona (GSINDA) - T0234451703681

Executive Risk Specialty Insurance Company - 4468121506

Excess Property

Endurance Worldwide Insurance Ltd. (Slip Leader) - PTNAM1701564 - 2% of \$50M
Lloyds of London - Synd 1414 ASC (Slip Leader) - PTNAM1701559 - 8% of \$50M
Tokio Marine America Insurance Company - LCP648016706 - 4% of \$50M
Liberty Mutual Fire Insurance Company - MJ2L9L426774037 - 4% of \$50M
Ironshore Specialty Insurance Company - 000423108 - 2.5% of \$50M
AIG Europe Ltd. - PTNAM1701557 - 8.5% of \$50M

As indicated by (*), Aon Risk Solutions (U.S) is authorized to generate and distribute certificates in an administrative capacity as evidence of insurance where required by clients of the Insured."

EXHIBIT II



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
10/25/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT
NAME:
PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105
E-MAIL ADDRESS:
PRODUCER
CUSTOMER ID #: 570000834159

INSURED
Sears Holdings Corporation
dba Sears, Roebuck and Co.
Attn: Risk Management E3-219A
3333 Beverly Road
Hoffman Estates IL 60179 USA

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	AXG Europe Limited	AA112084
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

COVERAGES

CERTIFICATE NUMBER: 570069032839

REVISION NUMBER:

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Sears Store No. 1915 - Santa Rosa Mall, Bayamon, PR.

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INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	X	PROPERTY	PTNA41701557	06/01/2017	06/01/2018	BUILDING	
		CAUSES OF LOSS				PERSONAL PROPERTY	
		BASIC				BUSINESS INCOME	
		BROAD				X EXTRA EXPENSE	\$50,000,000
		SPECIAL				RENTAL VALUE	
	X	EARTHQUAKE				BLANKET BUILDING	
	X	WIND				BLANKET PERS PROP	
	X	FLOOD				X BLANKET BLDG & PP	\$50,000,000
	X	ALL RISK-Subject to Exclusions				X Earthquake - Aggregate	\$50,000,000
		BK B&PP Ded				X Flood - Aggregate	\$50,000,000
		INLAND MARINE	TYPE OF POLICY				
		CAUSES OF LOSS	POLICY NUMBER				
		NAMED PERILS					
		CRIME					
		TYPE OF POLICY					
		BOILER & MACHINERY / EQUIPMENT BREAKDOWN					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage subject to the lease requirements, if any. Replacement Cost Valuation; No Coinsurance; Waiver of Subrogation included; Hold Coverage Excluded; All real and personal property owned, acquired by, used by, intended for use by the insured, including real and personal property of others in the insured's care, custody or control; extra expense, contingent extra expense, rents,

CERTIFICATE HOLDER

CANCELLATION

CCM Puerto Rico, A CCM Group Company
Santa Rosa Mall, LLC, 3 Pals Caribe, LLC
Commercial Centers Management Realty
S. en C.
Carr. #2, Km. 7.1
Bayamón PR 00960 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central, Inc.

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ACORD 24 (2016/03)

The ACORD name and logo are registered marks of ACORD

Holder Identifier : 1915

CERTIFICATE NUMBER: 570069032839





AGENCY CUSTOMER ID: 570000034159

LOC #:

ADDITIONAL REMARKS SCHEDULE

Page _ of _

AGENCY Aon Risk Services Central, Inc.		NAMED INSURED Sears Holdings Corporation	
POLICY NUMBER See Certificate Number: 570069032839			
CARRIER See Certificate Number: 570069032839	NAIC CODE	EFFECTIVE DATE:	

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FORM NUMBER: ACORD 24 **FORM TITLE:** Certificate of Property Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
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INSURER	
INSURER	
INSURER	

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A	PROPERTY	PTNANI701557	06/01/2017	06/01/2018	Boiler & Machinery	Included

AGENCY CUSTOMER ID : 570000034159

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LOCATION OF PREMISES / DESCRIPTION OF PROPERTY

SPECIAL CONDITIONS / OTHER COVERAGES

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Property Program 6/1/17 - 6/1/18

\$50,000,000 All Risk Policy Numbers:

Primary Property

ACE American Insurance Company - GPAD3739824A010 - 12% of \$50M
Zurich American Insurance Company - XPP926068010 - 10% of \$50M
Lloyds of London - Syndi 3000 MKL (Slip Leader) - PTNAM1701122 - 3% of \$50M
*Novae Bermuda Underwriting Ltd - XR04017ADFRT - 3% of \$50M
*Allied World Assurance Company, Ltd. - P003839014 - 18.33% of \$50M
Lloyds of London - Synd 318 MSP (Slip Leader) - PTNAM1701562 - 7.5% of \$50M
Aspen Specialty Insurance Company - PXAA52817 - 1.67% of \$50M
Westport Insurance Corporation - NAP045210505 - 8% of \$50M
HDI Global Insurance Company - XPD1488600 - 2.5% of \$50M

Starr Companies - 5% of \$50M

Starr Surplus Lines Insurance Company - SLSTPTY10966117

Chubb Custom Insurance Company - 4468121406

General Security Indemnity Company of Arizona (GSINDA) - T0234451703681

Executive Risk Specialty Insurance Company - 4468121506

Excess Property

Endurance Worldwide Insurance Ltd. (Slip Leader) - PTNAM1701564 - 2% of \$50M
Lloyds of London - Synd 1414 ASC (Slip Leader) - PTNAM1701559 - 8% of \$50M
Tokio Marine America Insurance Company - LCP648016706 - 4% of \$50M
Liberty Mutual Fire Insurance Company - M32L9L426774037 - 4% of \$50M
Ironshore Specialty Insurance Company - 000423108 - 2.5% of \$50M
AIG Europe Ltd. - PTNAM1701557 - 8.5% of \$50M

As indicated by (*), Aon Risk Solutions (U.S) is authorized to generate and distribute certificates in an administrative capacity as evidence of insurance where required by clients of the insured."